GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:445
ANSWERED ON:16.05.2006
PRODUCTION EXPORT OF TEA COFFEE
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the mid-term assessment of tea and coffee growing sectors during the Tenth Five Year Plan has revealed stagnation in production and export of tea and coffee;

(b) if so, the details thereof; and

(c) the steps being taken by the Government to improve this situation?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a) : The production of tea has shown a steady increase during the first four years of the Tenth Five Year Plan. However, tea exports which registered an increase in 2004-05 over the previous year, have declined marginally in 2005-06 as per provisional data. There is no significant variation in the production of coffee during the first four years of the Tenth Plan. However, while coffee exports have declined in terms of quantity during 2005-06 as compared to the previous year, realization in value terms has increased.

(b)&(c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (b) & (c) OF LOK SABHA STARRED QUESTION NO. 445 FOR ANSWER ON 16.05.2006 REGARDING "PRODUCTION/EXPORT OF TEA/COFFEE".

(b): Details of production and export of tea and coffee during the first four years of the Tenth Plan are given below:-

Year	TEA		COFFEE		
	Production (in MT)	Exports Quantity (in MT)	Value (Rs/crores)	Production (in MT)	Exports Quantity (in MT)	Value (Rs/crores)
2002-03	8,45,970	1,84,400	1665.04	2,75,275	2,07,333	1051.45
2003-04	8,78,650	1,83,070	1636.99	2,70,500	2,32,684	1158.45
2004-05	9,06,840	2,05,810	1924.71	2,75,500	2,11,765	1224.67
2005-06#	9,30,850	1,81,060	1631.60	2,81,900	1,99,816	1498.11

Provisional

(c): Tea : A number of developmental schemes are being implemented by the Tea Board during the 10th Five Year Plan for enhancing productivity, quality and marketability of tea produced in the country under which financial and technical assistance is provided for undertaking replantation, rejuvenation, new planting in non-traditional areas in North Eastern States and Uttaranchal, creation of irrigation facilities, setting up of self help groups among the small tea growers, modernization of factories, etc. The Special Purpose Tea Fund being set up for financing replantation and rejuvenation of old tea bushes also aims at enhancing the productivity and quality of tea. Government has also sanctioned a scheme for grant of subsidy for production of orthodox tea, which is being implemented for the period from 1st January 2005 to 31st March 2007.

The strategy evolved for increasing tea exports include diversification of market portfolio, value addition, marketing & promotion, correcting the adverse product mix of orthodox and CTC (Cut-Tear-Curl) teas, protection of its various brands and addressing quality issues, etc. The scheme for providing financial incentives for production of orthodox tea is expected to ensure availability of export quality orthodox teas. Government has also approved a scheme for extending subsidy for setting up of new factories for manufacture

of orthodox teas by producers. A subsidy of Rs.1.50 per kg. for export of tea through ICD Amingaon in Assam is being provided. The import duty on tea bagging and packaging machinery used to improve quality and add value to Indian tea has been reduced to a rate of 5%.

Tea Board has been taking steps to protect the various brands and has been successful in securing statutory recognition of Darjeeling tea in various jurisdictions as certification or collective marks. Darjeeling tea has also been declared as Geographical Indication (GI) with effect from October 2004. Tea Board is also conducting promotional activities in the foreign markets and lending promotional support to the Indian tea exporters in their marketing efforts. These include participation in various fairs and exhibitions, field sampling at specialty stores and principal markets, media publicity, Buyer Seller Meets, exchange of tea delegations, etc.

In order to maintain quality and retain the brand equity of Indian teas, the Government has issued a new Tea (Distribution and Export) Control Order, 2005 on 01.04.2005 which prescribes strict norms for tea and stipulates that all teas, whether imported or exported, would be required to conform to the specifications cited in the new Order.

Coffee : Coffee Board is implementing a scheme in the Tenth Plan Period for providing financial incentives for enhancing farm productivity and quality of the product amongst the small grower sector. The Board is also implementing a Special Area Programme for the development of coffee in the North-Eastern region, Andhra Pradesh and Orissa.

For boosting coffee exports, a number of steps are being taken by the Coffee Board. These include carrying out communication initiatives in key overseas markets to enhance the image of Indian coffee as well as to improve market share, shifting of product mix from Robusta in favour of Arabica, participation in important overseas trade fairs, organizing Buyer-Seller Meets and cupping sessions involving Indian exporters and Oversees buyers in key markets, hosting the visit of roaster/buyer delegations from leading consuming countries to Indian coffee tracts and facilitating interaction with the industry representatives, organizing annual cupping competitions to select the best quality coffees, institution of Export awards to encourage exporters etc. The exports cess of Rs.500 per MT was abolished by the Government in an effort to make Indian coffees more competitive.